

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 ARAE-00 SP-02
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CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OES-07 FEAE-00 INT-05 AF-10
NEA-10 /149 W

-----101840Z 116233 /53

P R 101400Z MAY 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 1540

INFO USMISSION OECD PARIS PRIORITY

USMISSION GENEVA PRIORITY

USMISSION EC BRUSSELS PRIORITY

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LIMA

AMEMBASSY MEXICO

AMEMBASSY SANTIAGO

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L SECTION 1 OF 4 BRASILIA 3718

DEPARTMENT REPEAT OTHER POSTS AS APPROPRIATE

EO 11652 GDS

TAGS: ETRD CIEC EGEN

SUBJECT: PRESENTATION OF US VIEWS ON CIEC

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REF (A) SECSTATE 090658 (B) STATE 090659

C) SECSTATE 093440 D) BRASILIA 3542

1. SUMMARY. AMBASSADOR PRESENTED US VIEWS ON OUTCOME
OF CIEC TO FOREIGN MINISTER SILVEIRA ON MAY 3, AND
TO AMBASSADOR CABRAL DE MELLO, FOREIGN MINISTRY'S
SENIOR ECONOMIC POLICY OFFICIAL, ON MAY 5.

FOREIGN MINISTER WAS RELATIVELY OPTIMISTIC ON OUTCOME OF THE CONFERENCE, WHICH HE EXPECTS TO ATTEND. CABRAL DE MELLO, MORE PESSIMISTIC, PROVIDED AMBASSADOR WITH DETAILED EXPOSITION OF GOB'S THINKING ON THE CIEC'S WORK. END SUMMARY:

2. AMBASSADOR CALLED ON FOREIGN MINISTER ON MAY 3 AND ON AMBASSADOR CABRAL DE MELLO, THE FOREIGN MINISTRY'S SENIOR ECONOMIC POLICY OFFICIAL, ON MAY 5, TO DISCUSS CIEC MINISTERIAL PURSUANT TO REFTEL A. DISCUSSION WITH REOEIGN MINISTER WAS RELATIVELY BRIEF, COVERING ONLY THE ESSENTIALS OF PARA 3. DISCUSSION WITH CABRAL DE MELLO, WHO WAS SUPPORTED BY TWO SENIOR DEPUTIES, MINISTER ALVARO DE COSTA FRANCO FILHO, BRAZIL'S REPRESENTATIVE ON THE FINANCE COMMITTEE, AND COUNSELOR ALVARO ALENCAR NETTO, CHIEF OF THE COMMERCIAL POLICY DIVISION, COVERED IN EXTENSO ALL ASPECTS OF THE BRAZILIAN POSITION. AMBASSADOR HAD LEFT WITH SILVEIRA NON-PAPER DRAWN FROM REFTEL PARA 4, AND CONVERSATION WITH CABRAL DE MELLO EVOLVED AROUND THAT DOCUMENT.

3. AS PREVIOUSLY REPORTED (REFTEL D), SILVEIRA SAID HE IN PRINCIPLE PLANNED TO BE PRESENT AT THE CONFERENCE, NOW THAT SECRETARY WAS PLANNING TO ATTEND. HE THOUGHT CIEC HAD BEEN RELATIVELY SUCCESSFUL, THERE WAS A BETTER DISPOSITION AND ATMOSPHERE AS A RESULT OF ITS WORK, AND THAT THERE WOULD BE GRADUAL FORWARD MOVEMENT IN THE NORTH-SOUTH DIALOGUE. CONFIDENTIAL

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4. CABRAL DE MELLO PROFESSED A CONSIDERABLY MORE PESSIMISTIC VIEW ON THE CURRENT STATE OF PLAY AND LIKELY OUTCOME OF THE CONFERENCE. RESPONDING TO THE AMBASSADOR'S ORAL PRESENTATION OF PARA 3, CABRAL DE MELLO SAID HE HAD RECEIVED A REPORT ON THE AMBASSADOR'S DISCUSSION WITH THE FOREIGN MINISTER (HE EVIDENTLY HAD REVIEWED THE NON-PAPER LEFT WITH SILVEIRA WITH GREAT CARE), AND HAD ALSO RECEIVED COMMENTS FROM THE BRITISH (ACTING FOR THE EC) AND THE CANADIAN CO-CHAIRMAN ON THE PROGRESS OF THE CONFERENCE. IN CABRAL DE MELLO'S VIEW, THE DISCUSSIONS BEGUN ON APRIL 25 HAD SO FAR PRODUCED NO PROGRESS ON THE PRIORITIES PRESENTED BY THE G-19. THE G-8 HAD SHOWN NO FLEXIBILITY WHATSOEVER; AS A RESULT THERE WAS A CONTINUING IMPASSE. HE HAD BEEN IN MANY CONFERENCES; THE ONLY CONCLUSION HE COULD DRAW FROM THE ACTIONS OF THE G-8 WAS THAT THEY WERE AWAITING INSTRUCTIONS

FROM THE MEETING OF THE CHIEFS OF STATE.

5. AMBASSADOR SAID OUR REPORTS WERE COMPLETELY DIFFERENT.
TO US, THE G-19 WERE SITTING STILL, EXPECTING ALL THE MOVEMENT
FROM THE G-8. IT WAS NOT A PRESCRIPTION FOR A REASONABLE OUTCOME.

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OPIC-03 LAB-04 SIL-01 OES-07 FEAE-00 INT-05 AF-10
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P R 101400Z MAY 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 1541

INFO USMISSION OECD PARIS PRIORITY

USMISSION GENEVA PRIORITY

USMISSION EC BRUSSELS PRIORITY

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

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AMEMBASSY TOKYO

AMEMBASSY BENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LIMA

AMEMBASSY MEXICO

AMEMBASSY SANTIAGO

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L SECTION 2 OF 4 BRASILIA 3718

CABRAL DE MELLO, BACKING OFF, SAID HE WOULD NOT
USE THE WORD "PRESCRIPTION", EVERY CONFERENCE, EVIDENTLY,
HAD ITS OWN DYNAMICS. THERE SEEMED TO
BE A STATIONARY EQUILIBRIUM, AT PRESENT, BUT IT WOULD BE
BROKEN AT SOME STATE. PERHAPS THERE HAD BEEN SOME MOVEMENT BY THE
G-8. CABRAL DE MELLO AGREED IT WAS

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IMPORTANT THE CONFERENCE CREATE A FAVORABLE ATMOSPHERE FOR NORTH-SOUTH RELATIONS BUT SAID IT WAS ALSO IMPORTANT TO REGISTER CONCRETE PROGRESS. HE SAID THE MINISTERIAL MEETING SHOULD RECORD THE SPECIFIC PROGRESS ACHIEVED TO DATE BUT SHOULD ALSO SET GUIDELINES, IN THE VARIOUS AREAS AND FORA, FOR FUTURE WORK ON NORTH-SOUTH RELATIONS AFTER THE CIEC.

6. THE DISCUSSION THEN TURNED TO THE SPECIFICS OF REFTTEL A, PARAGRAPH 4, AS SET FORTH IN THE NON-PAPER GIVEN TO SILVEIRA.

7. WORLD BANK. (SECTIONS 4.A.1, B.4, AND C.2)
CABRAL DE MELLO SAID HE WAS STRUCK BY THE CONSIDERABLE EMPHASIS ON THE EXPANSION OF WORLD BANK ACTIVITIES AND US WILLINGNESS TO MOVE AHEAD IN THE IBRD AND VARIOUS OTHER FORA TO ACCELERATE RESOURCE AND ENERGY DEVELOPMENT. IN THIS CONNECTION, HE WONDERED ABOUT THE REFERENCE TO RESOURCE DEVELOPMENT IN RELATION TO THE EARLIER US PROPOSAL FOR AN INTERNATIONAL RESOURCES BANK.

8. THE AMBASSADOR SAID THE US WAS INTERESTED IN RESOURCE DEVELOPMENT, AS THE PAPER SAID, AND PROPOSED THAT SOME OF THE BANK'S FUTURE LENDING ACTIVITIES BE DEVOTED TO THAT SECTOR. HE HAD NO EVIDENCE, HOWEVER, THAT THE US WAS PLANNING TO RESURFACE THE RESOURCES BANK PROPOSAL IN THE CIEC MEETINGS, BUT WOULD QUERY WASHINGTON AS TO ITS INTENTIONS.

9. CABRAL DE MELLO SAID THAT BRAZIL WAS INTERESTED IN THE US PROPOSALS FOR IBRD LENDING ACTIVITIES, IF THIS MEANT A SUBSTANTIAL EXPANSION OF THE WORLD BANK'S TOTAL LENDING PROGRAM OVER THE COMING YEARS. WITHIN SUCH A CONTEXT, BRAZIL WOULD BE ESPECIALLY INTERESTED IN THE PROPOSED EMPHASIS ON RESOURCE DEVELOPMENT.

10. RESOURCE TRANSFER, DEBT. (4.A.1-2) CABRAL DE MELLO, NOTING THE PROPOSED UNDERTAKINGS ON RESOURCE TRANSFER, CONFIDENTIAL

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WONDERED HOW SUCH UNDERTAKINGS WOULD BE RECORDED. THE NATURE OF THE DOCUMENT TO EMERGE FROM THE CONFERENCE WAS OF IMPORTANCE IN DETERMINING THE NATURE OF THE COMMITMENTS MADE AND THE MANNER OF FOLLOW-UP. WHAT WAS MEANT BY "CONCRETE RECOGNITION" IN THE FIRST SENTENCE, AND WHAT WAS THE PRECISE INTENT OF THE WORD "AGREEMENT" IN THE THIRD, CONSIDERING THAT THE CIEC WAS NOT,

IN THE US VIEW, A FORUM FOR THE NEGOTIATION OF BINDING COMMITMENTS,
AS THE AMBASSADOR EARLIER HAD SAID.

11. TURNING TO THE DEBT QUESTION, THE AMBASSADOR
NOTED THE SOLID CONSENSUS WITHIN THE G-8 ON THE US-EC FORMULATION,
AND OBSERVED THAT THIS AREA WAS NOT ONE THE CONFERENCE COULD HOPE
PROFITABLY TO PURSUE. SWEDEN WAS THE ONLY DEVELOPED COUNTRY
TO SHOW INTELLECTUAL SYMPATHY FOR THE G-19
POSITION BUT EVEN SWEDEN WAS EXPECTED TO ADHERE TO THE
THE DC CONSENSUS. CABRAL DE MELLO SAID HE DID NOT
KNOW HOW THIS ISSUE WOULD DEVELOP IN THE CONFERENCE; HE COULD
ONLY SAY THAT IT HAD BEEN AN EXCEEDINGLY STRONG POLITICAL ISSUE
IN THE PAST.

12. THERE FOLLOWED A BRIEF DISCUSSION OF THE IMF INTERIM COMMITTEE'S
AGREEMENT ON A NEW SUPPLEMENTARY FINANCING FACILITY. THE AMBASSADOR
NOTED THE QUESTION OF THE CONDITIONS TO BE ATTACHED TO THE USE OF
THE FACILITY, AND REPORTS THAT FINANCE MINISTER SIMONSEN HAD
BEEN CONCERNED OVER THE "STANDBY" FEATURE OF THE PLAN AND ITS
IMPLICATIONS FOR PRIVATE BANK LENDING. CABRAL DE MELLO SAID THAT
BRAZIL HAD SUPPORTED THE ESTABLISHMENT OF THE FACILITY BUT THAT
IT WAS HIS UNDERSTANDING THE QUESTION OF THE CONDITIONS OF
RECOURSE WAS ONE THAT REMAINED TO BE WORKED OUT.

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OPIC-03 LAB-04 SIL-01 OES-07 FEAE-00 INT-05 AF-10
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P R 101400Z MAY 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 1542

INFO USMISSION OECD PARIS PRIORITY

USMISSION GENEVA PRIORITY

USMISSION EC BRUSSELS PRIORITY

AMEMBASSY BONN

AMEMBASSY LONDON

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C O N F I D E N T I A L SECTION 3 OF 4 BRASILIA 3718

13. COMMODITIES. (4.B.1-3) INTRODUCING THIS TOPIC, THE AMBASSADOR REVIEWED THE ADMINISTRATION'S CURRENT POSITION ON THE COMMON FUND, THEN ASKED WHETHER THE GOB'S POSITION WAS "ON ALL FOURS" WITH THAT OF THE 77 OR WHETHER THE GOB HELD TO ITS OWN VERSION; ALSO HOW THE GOB VISUALIZED
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THE RELATIONSHIP OF A COMMON FUND TO EXISTING AND POSSIBLE FUTURE COMMODITY ARRANGEMENTS.

14. CABRAL DE MELLO SAID THE COMMON FUND CONCEPT WAS AN IDEA BRAZIL COULD ACCEPT. ALTHOUGH A NEW IDEA, IT WAS ONE OF THE PRINCIPAL INSTRUMENTALITIES THE LDCS HAD CREATED FOR THE NEGOTIATION OF NEW COMMODITY AGREEMENTS; ONCE CREATED, IT WOULD BECOME AN IMPORTANT FACTOR -- A FAVORABLE INFLUENCE -- IN FUTURE NEGOTIATIONS OF COMMODITY AGREEMENTS. THIS DID NOT MEAN THAT THE NEGOTIATION OF INDIVIDUAL COMMODITY AGREEMENTS WOULD BE DEPENDENT UPON THE EXISTENCE OF A COMMON FUND. EXISTING AGREEMENTS WOULD CONTINUE BUT SHOULD HAVE SOME LINK TO THE COMMON FUND TO MAKE USE OF ITS EFFICIENCIES. IN SHORT, THE COMMON FUND WAS AN IMPORTANT IDEA, FROM A POLITICAL POINT OF VIEW, BEFORE THE CIEC -- ONE WHOSE ACCEPTANCE WOULD FAVOR A BENEFICIAL EVOLUTION OF THE NORTH-SOUTH RELATIONSHIP. IF THERE WERE AGREEMENT IN PRINCIPLE IN THE CIEC, THE ACTUAL OPERATION OF SUCH A FUND, THE NEGOTIATION OF THE SPECIFICS (INCLUDING LINKAGES TO INDIVIDUAL COMMODITY AGREEMENTS), COULD BE LEFT FOR LATER ON. BRAZIL, AT THAT POINT, WOULD HAVE ITS OWN SPECIFIC IDEAS TO PUT FORWARD. BUT THE CONCEPT WAS ONE BRAZIL WOULD FAVOR.

15. THE AMBASSADOR SAID HE DID NOT SEE THE VALUE TO LDCS OF A POSITION WHICH HELD THE NEGOTIATION OF INDIVIDUAL COMMODITY AGREEMENTS HOSTAGE TO THE

CREATION OF A COMMON FUND. LDCS USUALLY HAD A BIGGER STAKE IN COMMODITY AGREEMENTS THAN DCS. THERE WAS A RISK TO LDCS THAT PROSPECTIVE PARTICIPANTS WOULD BE RELUCTANT TO ENTER INTO NEW COMMODITY AGREEMENTS PENDING THE ESTABLISHMENT OF A COMMON FUND OR THE ALLOCATION OF RESOURCES BY
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IT TO THE SPECIFIC AGREEMENT. CABRAL DE MELLO DID NOT FEEL THE NEGOTIATION OF INDIVIDUAL AGREEMENTS HAD TO AWAIT AGREEMENT ON THE FUND. LDCS WERE LOOKING, ON THE OTHER HAND, FOR A POSITIVE INTER-ACTION BETWEEN THE FUND AND INDIVIDUAL COMMODITY AGREEMENTS. THE SIGNIFICANCE OF THE FUND CONCEPT, IN POLITICAL AND PSYCHOLOGICAL TERMS, WAS, HE FELT, WELL UNDERSTOOD IN BOTH CAMPS.

16. ENERGY. (4.C.1-3) CABRAL DE MELLO SAID THE LANGUAGE IN THE US PAPER WAS UNEXCEPTIONAL BUT IT WAS DIFFICULT TO SEE WHAT IT MEANT IN PRACTICAL TERMS. THE QUESTION WAS WHETHER THE CIEC COULD AGREE ON SOME SORT OF FOLLOW-UP MECHANISM ON THE KEY ISSUE -- OIL PRICING. HE WAS VERY SKEPTICAL SOMETHING COULD BE DONE IN THIS AREA. THE CRITICAL VARIABLE IN THE GLOBAL SUPPLY DEMAND EQUATION, SHORT OF SOLVING THE ENERGY PROBLEM, WAS THE US-SAUDI RELATIONSHIP. HE COULD NOT SEE ANY PROPOSAL FOR DEALING WITH OIL PRICING EFFECTIVELY. CIEC HAD PERHAPS ACHIEVED SOME MODERATION OF THE GENERAL CLIMATE IN WHICH OPEC PRICING DECISIONS WERE MADE. BUT HE DID NOT CONSIDER IT LIKELY OIL EXPORTERS WOULD AGREE TO ESTABLISH A FORUM WHICH WOULD HOLD A DISCUSSION EACH TIME OPEC WAS CONSIDERING AN INCREASE IN PRICES.

17. THE AMBASSADOR SAID HE DID NOT THINK THE SITUATION WAS THAT GRIM. VARIOUS MEASURES AROUND THE WORLD HAD BEEN TAKEN OR WERE UNDER CONSIDERATION TO COUNTER THE EFFECTS OF OPEC'S ACTIONS. OPEC COUNTRIES HAD BEEN GETTING ESSENTIALLY A FREE RIDE BECAUSE THE PROBLEMS CREATED BY OPEC FOR THE WORLD ECONOMY HAD BEEN LARGELY ALLEVIATED BY OTHERS; THIS PATTERN OF COMPENSATORY ACTIONS BY NON-OPEC COUNTRIES COULD NOT CONTINUE INDEFINITELY. THE DIALOGUE IN THE C
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EC, EVEN THOUGH
IT HAD NOT DEALT DIRECTLY WITH SPECIFIC OPEC OIL PRICING DECISION,
HAD ALREADY PRODUCED GREATER UNDERSTANDING AND SENSITIVITY WITH
REGARD TO THE ENERGY PROBLEM AND THE LINK BETWEEN OPEC DECISIONS
AND THE GLOBAL ECONOMIC AND ENERGY SITUATION. CONSULTATIONS OF
THIS TYPE COULD BE IMPORTANT IN STRENGTHENING THE VOICES OF
MODERATION WITHIN OPEC.

18. CABRAL DE MELLO NOTED THE GOB'S INTEREST IN
THE PROPOSAL THAT THE CIEC PROVIDE IMPETUS FOR
EXPANDED ENERGY R&D COOPERATION. HE RECALLED THAT
SECRETARY KISSINGER'S PEECH AT NAIROBI HAD CONTAINED
SIMILAR LANGUAGE, INCLUDING AN OFFER TO SHARE US ENERGY TECHNO-
LOGY WITH LDCS. CABRAL DE MELLO WONDERED
ABOUT THE STATUS OF THIS PROPOSAL AND ITS IMPLEMENTATION.
THE AMBASSADOR NOTED THE EXISTING SUB-GROUP ON ENERGY R'D
UNDER THE US-BRAZIL HIGH LEVEL CONSULTATIVE MECHANIS, OUR
HOPES FOR THE GROUP'S WORK PROGRAM FOLLOWING THE NAIROBI
SPEECH, AND THE EXISTING FUNDING PROBLEMS IN WASHINGTON.

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P R 101400Z MAY 77
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 1543
INFO USMISSION OECD PARIS PRIORITY
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USMISSION EC BRUSSELS PRIORITY
AMEMSSY BONN
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19. TRADYGM (4.D.1) ALENCAR SAID THE DISCUSSION OF RADE SEEMED ONE OF THE MOST CAUTIOUS--IF NOT OVERLY CAUTIOUS--OF THE US PAPER. IN CONTRAST WITH OTHER PASSAGES WHICH CONTAINED MANY CONCRETE PROPOSALS IT WAS BARE OF ANY SPECIFICS. THE AMBASSADOR AGREED THAT THE PASSAGE IN ESSENCE PROPOSED A REAFFIRMATION OF A BASIC PRINCIPLE GUIDING THE MTN BUT SAID THAT SUCH A
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REAFFIRMATION, POSSIBLY IN SOME FORM BY THE ECONOMIC SUMMIT AND THEN BY THE CIEC; WOULD BE AN IMPORTANT POLITICAL ACT.

20. CABRAL DE MELLO SAID BRAZIL'S PRINCIPAL INTEREST WAS THE ISSUE OF SPECIAL AND DIFFERENTIAL TREATMENT OF LDCS. SOME FIVE YEARS HAD PASSED SINCE THE PASSAGE OF THE TOKYO DECLARATION, AND THERE WAS A TENDENCY FOR SOME OF THE COMMITMENTS CONTAINED IN THAT DECLARATION TO WEAR THEMSELVES THIN. THE ARIOUS MTN WORKING GROUPS HAD FOUND IT DIFFICULT TO ESTABLISH DIFFERENTIAL TREATMENT FOR LDCS. CIEC, OF COURSE, COULD NOT NEGOTIATE. HOWEVER, NOW THAT THE MTN WAS PIKING UP SPEED, IT WOULD BE SUEFUL IF CIEC COULD REAFFIRM, AND THUS GIVE NEW IMPETUS TO, THE TOKYO DECLARRATION, SPECIFICALLY WITH RESPECT TO SPECIAL AND DIFFERENTIAL TREATMENT FOR LDCS. THE CONTENT OF THE CIEC DECLATATION SHOULD BE UPDATED ("ATUALIZADO"). IT SHOULD NOT MERELY REPEAT THE PRINCIPLES OF THE TOKYO DECLARATION BUT SHOULD MAKE REFERENCE TO HOW THESE PRINCIPLES WOULD BE APPLIED AND IMPLEMENTED IN PRACTICE, GIVEN THE ACTUAL STATE OF THE NEGOTIATIONS IN GENEVA.

21. WITH RESPECT TO THE MULTI-FIBER AGREEMENT (MFA), ALENCAR SAID THE CIEC SHOULD MAKE AN APPROPRIATE REFERENCE TO ITS RENEWAL. THE MFA WAS AN IMPORTANT ELEMENT IN THE GLOBAL TRADE PICTURE. THE EC WAS DRAGGING ITS FEET; THE CIEC MINISTERIAL SHOULD BE USED TO BRING PRESSURE TO BEAR ON THE COMMUNITY. THE GOB WOULD BE INTERSTED IN US REACTION TO THIS IDEA.

22. THE AMBASSADOR CALLED ATTENTION TO THE PRESIDENT'S DECISION ON SUGAR, MAKING POLICY. CABRAL DE MELLO EXPRESSED BRAZIL'S PLEASURE WITH THE DECISION; BRAZIL HAD FOUND THE US ROLE IN THE SUGAR NEGOTIATIONS IN GENEVA FLEXIBLE AND VERY CONSTRUCTIVE.

23. INVESTMENT. (R.E.1) CABRAL DE MELLO SAID THE
GOB WAS SOMEWHAT PUZZLED AND CONCERNED BY THIS
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SECTION. THE LANGUAGE, PARTICULARLY THE SECOND
HALF, WAS REALLY TOO GENERAL TO BE USEFUL. WHAT PRECISELY DID
THE USG INTEND BY THE PHRASE "A MUTUAL UNDERSTANDING OF THOSE
ELEMENTS." THE AMBASSADOR SAID EMBASSY'S GUIDANCE ON THIS QUESTION
WAS LIMITED TO THE PASSAGE AND THAT WE WOULD SEEK EXPANSION AND
CLARIFICATION FROM WASHINGTON.

24. COSTA FRANCO FILHO SAID THE US PRESENTATION ON THIS ISSUE,
WHICH WAS THE RESPONSIBILITY OF THE FINANCE COMMISSION, RAISED
A MORE BASIC QUESTION OF THE TREATMENT OF INTERNATIONAL MONETARY
AND FINANCIAL MATTERS IN THE CIEC. IN THE MEETINGS OF THE COMMISSION,
THE LDCS HAD BEEN PREPARED TO DRAFT SOME GUIDELINES WITH RESPECT TO
INTERNATIONAL MONETARY MATTERS BUT MOST OF THE DCS WERE NOT,
ARGUING THAT THESE MATTERS WERE WITHIN THE COMPETENCE OF THE
IMF. IT SEEMED IN SOME CASES (IMF FINANCING FOR LDCS, BGUIDE-
LINES ON INVESTMENT) THE US WAS PREPARED TO REFER TO THESE MATTERS,
IN OTHERS (IMF QUOTAS, SUPPLEMENTARY IMF FACILITIES) IT WAS NOT.
IF THE US WAS PREPARED TO BREAK ACROSS THE BARRIER FOR SOME
ISSUES OF CONCERN TO IT, WAS THE USG WILLING TO ACCEPT THE
CONSEQUENCES AND AGREE TO THE INCLUSION OF OTHER ITEMS OF
INTEREST TO THE G-19. THE AMBASSADOR SAID HE WAS TAKING NOTE OF
THE BRAZILIAN OBSERVATION AND WOULD ASK WASHINGTON FOR GUIDANCE.

25. BRAZILIAN REACTION TO PRESENTATION. AFTER THE MEETING WITH
CABRAL DE MELLO WE WERE TOLD FOREIGN MINISTRY WAS VERY PLEASED
WITH THE DISCUSSION AND WAS LOOKING FORWARD TO SIMILAR CONCRETE AND
SPECIFIC EXCHANGES AS PREPARATIONS FOR THE MINISTERIAL UNFOLD.
EMBASSY'S REQUESTS FOR GUIDANCE AND INFORMATION FOLLOW SEPTTEL.

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Message Attributes

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Status: NATIVE
Subject: PRESENTATION OF US VIEWS ON CIEC CONFIDENTIAL CONFIDENTIAL
TAGS: ETRD, EGEN, CIEC
To: STATE
Type: TE
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